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Thailand

Grain and Feed

Corn PS&D Update

2002

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Report Highlights:
Thai corn imports exceed exports as sales head towards new low and local poultry industry and dry weather fuel demand.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Bangkok [TH1], TH

Summary

The outlook for corn supply for MY 2002/03 has revised downward. Corn production is estimated at 3.9 million tons, reflecting the smaller plantings and lower yields maily as a result of drought in major growing areas. Domestic consumption of corn is expected to decline slightly in response to the anticipated flattening of chicken meat exports. Nevertheless, local corn production is unlikely to cover local demand. Poor weather conditions combined with still strong demand from the local feed millers will increase the import demand for corn, mainly from China due to its relatively low prices.

Table: The Estimate of Thailand's Corn Production by region

	Harvested Area (1,000hectares)	Average Yields (tons/hectares)	Production (1,000 tons)
MY 2002/03			
North	600	3.75	2,250
Central Plains	215	3.26	700
Northeast	195	3.23	630
Unclassified	110	3.09	340
Total	1,120	3.50	3,920
MY 2001/02			
North	616	3.90	2,400
Central Plains	245	3.76	922
Northeast	208	3.76	782
Unclassified	111	3.57	396
Total	1180	3.81	4,500

The outlook for corn supply for MY 2002/03 has revised downward. Preliminary indications from FAS/Bangkok's recent field survey of the major growing areas suggest that Thailand's corn production will likely fall by around 0.6 million tons to 3.9 million tons from the current estimated 2001/02 level due to smaller plantings and lower yields. Harvested area is forecast to decline by 60,000 hectares from the preceding year, reflecting not only the shift toward more attractive return crops like tapioca and sugar cane, accounting for about 15,000 hectares, but also the drought-reduced harvests in several major growing area of about 45,000 hectares. The upper Central region in particular Lopburi and Saraburi were severely affected by the dry weather, which accounted for more than half of the total damage, followed by the Northeastern region (mainly Nakhon Ratchasrima, Loei and Khon Kean) and lower Northern region (mainly Phetchabun, Nakhonsawan and Kampaengphet), respectively. Dry conditions will severely affect yields, resulting in an significant drop of average yields to only 3.5 tons/hectare in dry land crop areas.

However, the domestic demand for feed, of which corn accounts for about half, is expected to decline slightly because the anticipated cooling off of chicken meat exports. According to trade sources, chicken meat exports are estimated to decline by 8 - 10 percent, reflecting the more stringent food safety standards in overseas markets, particularly in the EU (covering about 30 percent of Thai chicken meat export's market). The banned antibiotic, nitrofuran, was found in a shipment of Thai products to the EU in April 2002. This will result in a decrease of feed demand by 2-3 percent. Meanwhile, the domestic consumption of chicken meat, accounting for about 60 percent of total production, will likely continue its upward trend in line with the sustained economic recovery.

Despite the reduction of domestic corn demand, the domestic production of corn is still insufficient to cover local needs, pointing to a significant increase in imports of corn, particularly in the second half of MY 2002/03. Imports from China are projected to cover the bulk of import growth, due to the relatively low price as compared to the U.S. (about $ 30 per ton less, C.I.F.) In spite of the expected tight supply, exports of corn are expected to be about 50,000 tons in MY 2002/03, mainly to Malaysia and Indonesia, due to lower export prices of Thai corn vis-a-vis U.S. corn. It is noteworthy that Thai corn exports in MY 2002/03 will be the lowest in recent years.

Taking into account the anticipated tight supply, domestic prices of corn should experience upward pressure in MY 2002/03. However, the Government has announced it will continue its loan scheme for corn being marketed in MY 2002/03, virtually the same as the preceding year. The target amount is 500,000 ton of grain corn at the price of 4.19 baht/kg., starting from August - December 2002.

As for MY 2001/02, the estimated corn production has been revised upward from 4.4 to 4.5 million tons following the higher than expected yield, averaging at 3.8 tons per hectare. The imports and exports of corn are also revised in correspondence with the official data. Exports declined marginally to 275,429 tons from the previous marketing year in response to the tightening of supply in the second half of MY 2001/02. Most of corn was exported to other Asian markets, in particular Malaysia and Indonesia. By contrast, imports in MY 2001/02 were low due to the relatively lower prices and good availabilities of local products.

Table1: Thailand’s Production, Supply and Demand Table for Corn

PSD Table						
Country	Thailand					
Commodity	Corn				(1000 HA)(1000 MT)	
	Revised 2000		Preliminary 2001		Forecast 2002	
	Old	New	Old	New	Old	New
Market Year Begin	07/2000		07/2001		07/2002	
Area Harvested	1210	1210	1180	1180	1150	1120
Beginning Stocks	240	466	290	591	215	422
Production	4700	4700	4400	4500	4000	3920
TOTAL Mkt. Yr. Imports	122	6	25	6	25	400
Oct-Sep Imports	24	7	25	5	25	400
Oct-Sep Import U.S.	12	0	0	2	0	0
TOTAL SUPPLY	5062	5172	4715	5097	4240	4742
TOTAL Mkt. Yr. Exports	397	281	200	275	200	50
Oct-Sep Exports	397	397	200	190	200	100
Feed Dom. Consumption	4275	4250	4200	4350	3800	4300
TOTAL Dom. Consumption	4375	4300	4300	4400	3900	4350
Ending Stocks	290	591	215	422	140	342
TOTAL DISTRIBUTION	5062	5172	4715	5097	4240	4742

Table 2: Wholesale Prices for Corn

Prices Table			
Country	Thailand		
Commodity	Corn		
Prices in	Baht	per uom	Metric Tons
Year	2001	2002	% Change
Jan	4550	4370	-3.96%
Feb	4360	4500	3.21%
Mar	4310	4870	12.99%
Apr	4370	4920	12.59%
May	4410	5110	15.87%
Jun	4320	5040	16.67%
Jul	4200	4630	10.24%
Aug	4310		-100.00%
Sep	4360		-100.00%
Oct	4490		-100.00%
Nov	4450		-100.00%
Dec	4310		-100.00%
Exchange Rate	42.22	Local currency/US $	
Date of Quote	09/03/02	MM/DD/YYYY	

Source: Thai Feed Mill Association

Table 3: Thailand's Corn Import

Import Trade Matrix			
Country	Thailand		
Commodity	Corn		
Time period	Jan.-Jun	Units:	Metric Tons
Imports for:	2001		2002
U.S.	1146	U.S.	1020
Others		Others	
South Africa	172	South Africa	666
Lao Rep.	1770	Lao Rep.	400
Total for Others	1942		1066
Others not Listed			
Grand Total	3088		2086

Source: Thai Customs Department

Table 4: Thailand's Corn Export

Export Trade Matrix			
Country	Thailand		
Commodity	Corn		
Time period	Jan.-Jun.	Units:	Metric Tons
Exports for:	2001		2002
U.S.	1	U.S.	0
Others		Others	
Malaysia	138784	Malaysia	37550
Taiwan	15494	Taiwan	4810
Singapore	20000	Singapore	2500
Indonesia	70500	Lao Rep.	1828
Srilanka	301	Srilanka	1810
Egypt	11500	Burma	878
Hong Kong	1543	Hong Kong	808
China	7200	China	80
Total for Others	265322		50264
Others not Listed	438		74
Grand Total	265761		50338

Source: Thai Customs Department